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ZNY CCCCC ZZH
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FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC 3288
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUCNCIS/CIS COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 5536
RUEHBJ/AMEMBASSY BEIJING 3256
RUEHKO/AMEMBASSY TOKYO 3121
RUEHIT/AMCONSUL ISTANBUL 3779
RUCPDO/DEPT OF COMMERCE WASHDC
RUCNDT/USMISSION USUN NEW YORK 1083
RUEATRS/DEPT OF TREASURY WASHDC
RHMFISS/USCENTCOM SPECIAL HANDLING MACDILL AFB FL
RUEHVEN/USMISSION USOSCE 3794
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RUEKJCS/SECDEF WASHDC

C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 001025

SIPDIS

STATE FOR SCA/CEN; EEB
ENERGY FOR EKIMOFF/THOMPSON
COMMERCE FOR HUEPER

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TAGS: [EPET](#) [PGOV](#) [EINV](#) [PBTS](#) [AZ](#) [TX](#)
SUBJECT: TNK-BP WAITING AND HOPING IN TURKMENISTAN

REF: ASHGABAT 995

Classified By: Charge Richard Miles, reasons 1.4 (b) and (d).

11. (C) SUMMARY. Russian-British co-owned TNK-BP remains one of a handful of foreign oil and gas companies attempting to break into the well-guarded Turkmen hydrocarbon sector with little success to date. TNK-BP's Program Director for Turkmenistan Oleg Lonovenko attributed TNK-BP's current lack of success mainly to frequent turnover of ranking officials in the Turkmen Government, and the unwillingness of President Berdimuhamedov to meet with representatives of foreign companies. Lonovenko stressed that despite little Turkmenistan Government movement toward a deal, TNK-BP would keep its Ashgabat office open indefinitely, noting that future business opportunities far outweighed the costs of maintaining an office. Lonovenko did not feel that strained Turkmen-Russian relations over gas, nor the disputed territory in the Caspian between Turkmenistan and Azerbaijan, had negatively impacted TNK-BP's chances. Instead, he believed that Turkmenistan's standing policy toward all foreign companies was TNK-BP's biggest hurdle. END SUMMARY.

12. (C) On August 12, Economic Officer met with TNK-BP country representative for Turkmenistan Oleg Lonovenko to discuss TNK-BP's chances of eventually striking an offshore deal with the Turkmen. TNK-BP is fifty percent owned by the Russian company TNK, while British Petroleum (BP) owns the other half. When asked how both TNK-BP and BP could both be competing for contracts in Turkmenistan, Lonovenko explained that TNK-BP would of course use BP technology and equipment in the event that TNK-BP landed a deal, so BP is in a win/win situation by having TNK-BP in the country. Lonovenko was eager to show off TNK-BP's large, fully staffed, modern office, stating that TNK-BP was committed to staying in Ashgabat for the long haul. However, Lonovenko was also downbeat on TNK-BP's current prospects, stating that all of the foreign oil companies in Ashgabat he knew of had little to brag about.

13. (C) Lonovenko attributed TNK-BP's inability to get a contract primarily to the frequent turnover of key officials at the State Agency for Management and Use of Hydrocarbon Resources. He stated that since 2007, TNK-BP had been close

to getting a business proposal for offshore exploration approved through the agency twice, and both times key officials were fired at the last minute, forcing TNK-BP to start all over with new officials. He added that the new appointees were leery of meeting with foreign companies, and it took TNK-BP almost six months to get a meeting with the new Agency officials.

14. (C) Lonovenko was also disappointed that TNK-BP has not been able to get the necessary support from President Berdimuhamedov. He added that it had been nearly two years since his company met with the President. When asked why TNK-BP was unable to meet with the president, Lonovenko opined that Berdimuhamedov purposely avoids meetings with foreign oil and gas companies mainly because the president believes he must provide a deliverable.

15. (C) When asked about the impact on TNK-BP of strained relations between Russia and Turkmenistan over gas, Lonovenko stated there was no impact. He asserted that all foreign companies receive basically the same attention in Turkmenistan -- little attention. He described TNK-BP's chances of getting a deal in Turkmenistan, despite its Russian affiliation, as equal to those of other companies, adding that overall, TNK-BP enjoyed a good relationship with the GOTX, and the GOTX did not associate TNK-BP with Gazprom.

16. (C) Lonovenko also did not believe that the disputed hydrocarbon fields in the Caspian between Turkmenistan and Azerbaijan would impact TNK-BP regardless of the outcome

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(reftel). He estimated that there is enough gas and oil outside of the disputed area and onshore to make Turkmenistan extremely attractive to foreign companies.

17. (C) COMMENT. TNK-BP is one of only a handful of foreign oil and gas companies that has committed the resources to open and maintain an office in Ashgabat. TNK-BP admitted that the Turkmen bureaucracy is extremely slow and tricky and that the President must personally give the green light to TNK-BP before any deals can be reached. Since TNK-BP has not met with Berdimuhamedov in almost two years, TNK-BP does not know where it stands. However, TNK-BP's strategy is simply to maintain an office in Ashgabat for as long as necessary, allowing the company to be ready on the ground if and when Turkmenistan becomes more willing to do business with foreign energy companies. END COMMENT.

MILES